



REVIEW REPORT • FISCAL YEAR 2022

Chattahoochee Technical College

Marietta, Georgia

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Chattahoochee Technical College

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Chattahoochee Technical College

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Section I

Financial

**DOAA**Georgia Department
of Audits & Accounts**Greg S. Griffin**
State Auditor**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of the Technical College System of Georgia
Members of the Local Board of Directors
and
Dr. Ron Newcomb, President
Chattahoochee Technical College

We have reviewed the accompanying financial statements of the business-type activities and the fiduciary activities of Chattahoochee Technical College, as of and for the year ended June 30, 2022, and the related notes (financial statements), as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Chattahoochee Technical College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis, Schedules of Contributions for Defined Benefit Pension Plan and OPEB Plan, Schedules of Proportionate Share of Net Pension and Net OPEB Liabilities, and Notes to the Required Supplementary Information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Matters

The accompanying supplementary information listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited, reviewed, or compiled the supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it. We did, however, perform certain procedures on the supplementary information.

This review report contains information pertinent to the Chattahoochee Technical College's compliance with the requirements of the Southern Association of Colleges and Schools Commission on Colleges (COC) Standard 13.2 (Financial resources) as of and for the year ended June 30, 2022. Additionally, we performed procedures on Chattahoochee Technical College's Federal Student Aid programs for the year ended June 30, 2022, to meet the requirements of COC Standard 13.6. Included in this review report is a section on findings and other items for any matters that came to our attention during our engagement, including results of our testing of the Federal Student Aid programs.

Additionally, we have performed certain procedures at Chattahoochee Technical College to support our audit of the basic financial statements of the State of Georgia presented in the State of Georgia Annual Comprehensive Financial Report and the issuance of a State of Georgia Single Audit Report pursuant to the Single Audit Act Amendments, as of and for the year ended June 30, 2022.

This report is intended solely for the information and use of the management of Chattahoochee Technical College, members of the Board of Technical College System of Georgia, local Board of Directors and the Southern Association of Colleges and Schools – Commission on Colleges and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

December 7, 2022

Financial Statements

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF NET POSITION - (GAAP BASIS)
JUNE 30, 2022

EXHIBIT "A"

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 12,304,175.93
Accounts Receivable, Net	
Receivables - Federal Financial Assistance	4,574,725.62
Receivables - Other	7,386,342.64
Prepaid Items	500,699.73
Total Current Assets	<u>24,765,943.92</u>
Noncurrent Assets	
Net OPEB Asset	1,100,758.00
Capital Assets, Net	113,587,308.94
Total Noncurrent Assets	<u>114,688,066.94</u>
Total Assets	<u>139,454,010.86</u>
Deferred Outflows of Resources	
Related to Defined Benefit Pension and OPEB Plans	<u>14,261,362.00</u>

LIABILITIES

Current Liabilities	
Accounts Payable	2,176,386.25
Salaries Payable	173,008.11
Advances (Including Tuition and Fees)	8,745,252.04
Funds Held for Others	1,051,066.95
Leases Liability	228,736.61
Compensated Absences	1,782,243.32
Total Current Liabilities	<u>14,156,693.28</u>
Noncurrent Liabilities	
Leases Liability	148,610.94
Compensated Absences	1,472,426.57
Net OPEB Liability	2,204,926.00
Net Pension Liability	17,541,096.00
Total Noncurrent Liabilities	<u>21,367,059.51</u>
Total Liabilities	<u>35,523,752.79</u>
Deferred Inflows of Resources	
Related to Defined Benefit Pension and OPEB Plans	<u>32,112,349.00</u>

NET POSITION

Investment in Capital Assets	113,209,961.39
Restricted	
Expendable	1,145,281.28
Unrestricted (Deficit)	<u>(28,275,971.60)</u>
Total Net Position	<u>\$ 86,079,271.07</u>

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2022

EXHIBIT "B"

OPERATING REVENUES

Student Tuition and Fees	\$ 23,746,665.18
Less: Allowance for Doubtful Accounts	(54,267.71)
Less: Sponsored Scholarships	(6,595,231.48)
Grants and Contracts	
Federal	114,824.34
Rents and Royalties	137,510.95
Sales and Services	1,789,586.79
Other Operating Revenues	57,064.05
Total Operating Revenues	<u>19,196,152.12</u>

OPERATING EXPENSES

Salaries	29,639,186.44
Employee Benefits	3,529,314.70
Travel	62,946.17
Scholarships and Fellowships	12,055,808.48
Utilities	1,965,438.80
Supplies and Other Services	8,937,537.49
Depreciation and Amortization	5,415,574.66
Total Operating Expenses	<u>61,605,806.74</u>
Operating Loss	<u>(42,409,654.62)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	24,426,394.47
Grants and Contracts	
Federal	26,704,614.72
Local	44,791.52
Gifts	352,405.51
Investment Income	1,595.04
Interest Expense (Capital Assets)	(14,503.28)
Other Nonoperating Expenses	(352,405.51)
Net Nonoperating Revenues	<u>51,162,892.47</u>
Income Before Other Revenues, Expenses, Gains, or Losses	<u>8,753,237.85</u>

Capital Grants and Gifts	
State	9,150,358.15
Local	18,000.00
Loss on Disposal of Capital Assets	(14,096.17)
Total Other Revenues, Expenses, Gains, or Losses	<u>9,154,261.98</u>

Change in Net Position 17,907,499.83

Net Position - Beginning of Year 68,171,771.24

Net Position - End of Year \$ 86,079,271.07

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS - (GAAP BASIS)
YEAR ENDED JUNE 30, 2022

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 18,363,182.91
Grants and Contracts (Exchange)	(860,530.99)
Sales and Services	1,789,586.79
Payments to Suppliers	(24,122,086.25)
Payments to Employees	(29,475,951.00)
Payments for Scholarships and Fellowships	(12,055,808.48)
Short-Term Custodial Fund Receipts	592,283.62
Short-Term Custodial Fund Payments	(793,453.34)
Other Receipts	194,575.00
Net Cash Used by Operating Activities	<u>(46,368,201.74)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	24,450,689.47
Gifts and Grants Received for Other than Capital Purposes	27,101,811.75
Other Noncapital Financing Payments	(352,405.51)
Net Cash Flows Provided by Noncapital Financing Activities	<u>51,200,095.71</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Gifts Received	1,092,589.33
Purchases of Capital Assets	(4,045,523.62)
Principal Paid on Capital Debt	(211,919.39)
Interest Paid on Capital Debt	(14,503.28)
Net Cash Used by Capital and Related Financing Activities	<u>(3,179,356.96)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	1,595.04
Net Increase in Cash	<u>1,654,132.05</u>

Cash and Cash Equivalents - Beginning of Year	<u>10,650,043.88</u>
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Cash and Cash Equivalents - End of Year	<u>\$ 12,304,175.93</u>
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RECONCILIATION OF OPERATING LOSS TO NET CASH

USED BY OPERATING ACTIVITIES:

Operating Loss	\$ (42,409,654.62)
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities	
Depreciation and Amortization Expense	5,415,574.66
Change in Assets and Liabilities:	
Accounts Receivable, Net	(572,442.37)
Prepaid Items	(116,479.18)
Salaries Payable	55,122.41
Accounts Payable	802,854.41
Advances (Including Tuition and Fees)	863,103.96
Funds held for Others	(201,169.72)
Compensated Absences	108,113.03
Net Pension Liability	(21,529,847.00)
Net OPEB Liability	(6,613,197.00)
Net SEAD Liability	(598,662.00)
Change in Deferred Inflows/Outflows of Resources	
Deferred Inflows of Resources	20,187,447.00
Deferred Outflows of Resources	<u>(1,758,965.32)</u>

Net Cash Used by Operating Activities	<u>\$ (46,368,201.74)</u>
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NONCASH ACTIVITY

Fixed Assets Acquired by Incurring Lease Obligations	\$ 589,266.94
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	\$ 8,075,768.82
Loss on Disposal of Capital Assets	\$ (14,096.17)

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF FIDUCIARY NET POSITION - (GAAP BASIS)
JUNE 30, 2022

EXHIBIT "D"

	<u>CUSTODIAL FUNDS</u>
<u>ASSETS</u>	
Current Assets	
Accounts Receivable, Net	
Other	\$ 1,369,123.00
<u>LIABILITIES</u>	
Current Liabilities	
Cash Overdraft	1,226,291.36
Accounts Payable	27.20
Deposits Held For Other Organizations	
Custodial Fund Escheatment	21,641.65
Total Liabilities	<u>1,247,960.21</u>
<u>NET POSITION</u>	
Restricted	
Individuals, Organizations, and Other Governments	\$ <u>121,162.79</u>

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - (GAAP BASIS)
YEAR ENDED JUNE 30, 2022

EXHIBIT "E"

<u>ADDITIONS</u>	CUSTODIAL FUNDS
	<hr/>
State Financial Aid	\$ 6,548,828.56
Miscellaneous	1,058,857.28
Total Additions	<hr/> 7,607,685.84 <hr/>
 <u>DEDUCTIONS</u>	
Scholarships and Other Student Support	7,301,159.41
Student Organizations Support	295,859.56
Total Deductions	<hr/> 7,597,018.97 <hr/>
 Net Increase in Fiduciary Net Position	 10,666.87
 Net Position - Beginning of Year	 <hr/> 110,495.92
 Net Position - End of Year	 \$ <hr/> 121,162.79 <hr/>

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CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Chattahoochee Technical College (the College) is one of twenty-two (22) State supported member Institutions of postsecondary education in Georgia which comprise the Technical College System of Georgia. The accompanying financial statements reflect the operations of Chattahoochee Technical College as a separate reporting entity.

The College's local board of directors is composed of seventeen (17) members serving staggered three-year terms who are appointed by the State Board of the Technical College System of Georgia. Appropriation of state funds is made to the Technical College System of Georgia by the General Assembly of Georgia. The System Office of the Technical College System of Georgia determines the amount of state appropriations to be received by the College. The College does not have the authority to retain unexpended state appropriations (surplus) for any given year. Accordingly, the College is considered an organizational unit of the Technical College System of Georgia for financial reporting purposes because of the significance of its legal, operational, and financial relationships as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The accompanying financial statements represent the financial position, changes in financial position and cash flows of only that portion of the business-type activities and fiduciary activities of the State that is attributable to the transactions of the College. These financial statements do not purport to, and do not, present fairly the financial position of the State of Georgia as of June 30, 2022, the changes in its financial position or its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements should be read in conjunction with the State's Annual Comprehensive Financial Report (ACFR). The most recent State of Georgia ACFR is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Basis of Accounting and Financial Statement Preparation

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

The College's business-type activities and fiduciary activities financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. All significant intra-college transactions have been eliminated.

The College reports the following fiduciary activities:

Custodial funds – Accounts for activities resulting from the College acting as an agent or fiduciary for various governments, companies, clubs or individuals.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

New Accounting Pronouncements

In fiscal year 2022, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The cumulative effect of GASB Statement No. 87 is described in the restatement note.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, effective for fiscal years beginning after June 15, 2020. In fiscal year 2020, the College adopted GASB statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* which postponed the effective dates of Statement No. 92 to fiscal year 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. The adoption of this statement does not have a significant impact on the financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*, effective for certain elements of the requirement effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The adoption of this statement does not have a significant impact on the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool (Georgia Fund 1).

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students, allotments due from the Office of the State Treasurer of Georgia, reimbursements due from federal, state, local and private grants and contracts, and other receivables disclosed from information available. Accounts receivables are recorded net of estimated uncollectible amounts.

Capital Assets

Capital assets are recorded at cost at date of acquisition, or fair value at the time of donation in the case of gifts. The College capitalizes all land and land improvements. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000.00 or more, and an estimated useful life of greater than one year. Buildings and building improvements, improvements other than buildings, and intangible assets other than software that exceed \$100,000.00 or significantly increase the value or extend the useful life of the asset are capitalized. For infrastructure and software, the College's capitalization threshold is \$1,000,000.00. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5 to 60 years for buildings, 10 to 100 years for infrastructure, 15 to 50 years for improvements other than buildings, 10 years for library collections, 3 to 20 years for equipment, 3 to 10 years for software, and 20 years for intangibles.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

To fully portray capital assets acquired by the College, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) - an organization that is external to both the Technical Colleges and the Technical College System of Georgia. The GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating GSFIC. The bonds are issued for the purpose of acquiring capital assets and this debt constitutes direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For major construction projects, GSFIC records construction in progress on its books throughout the construction period and at project completion transfers the entire project costs to the College to be recorded as an asset on the College's books.

Advances

Advances include amounts received for tuition and fees, grant and contract sponsors and other exchange type activities prior to the end of the fiscal year but related to the subsequent accounting period.

Deferred Outflows of Resources

Deferred outflows of resources consist of the consumption of net assets by the College that are applicable to a future reporting period.

Compensated Absences

Employee vacation pay is accrued for financial statement purposes when vested. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses and Changes in Net Position.

Noncurrent Liabilities

Noncurrent liabilities include (1) liabilities that will not be paid within the next fiscal year; (2) lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Deferred Inflows of Resources

Deferred inflows of resources consist of the acquisition of net assets by the College that are applicable to a future reporting period.

Other Post-Employment Benefit (OPEB) and Net OPEB Liability/Asset

For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia State Employees Post-Employment Benefit Fund (State OPEB Fund) and additions to/deductions from the State OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the State OPEB Fund. For this purpose, the State OPEB Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

Pensions and Net Pension Liability

The net pension liability represents the College's proportionate share of the difference between the total pension liability as a result of the exchange for employee services for compensation and the fiduciary net position or the fair value of the plan assets as of a given measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by Teachers Retirement System of Georgia and Employees' Retirement System of Georgia. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

The College's net position is classified as follows:

Investment in Capital Assets: This represents the College's total investment in capital assets, net of accumulated depreciation.

Restricted expendable: Includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions by external third parties.

Unrestricted: Unrestricted represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the College to meet current expenses for those purposes, except for unexpended state appropriations (surplus) in the amount of \$44,271.19. Unexpended state appropriations must be refunded to the Office of the State Treasurer.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Scholarship Allowances

Scholarship allowances are the differences between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded contra revenue for scholarship allowances.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

NOTE 2: DEPOSITS

Reconciliation of cash and cash equivalents to carrying value of deposits:

Statement of Net Position	
Current	
Cash and Cash Equivalents	\$ 12,304,175.93
Statement of Fiduciary Net Position	
Cash Overdraft	<u>(1,226,291.36)</u>
	<u>\$ 11,077,884.57</u>
Cash on hand and deposits as of June 30, 2022 consist of the following:	
Cash on hand	\$ 4,925.00
Deposits with financial institutions	<u>11,072,959.57</u>
Total carrying value of deposits - June 30, 2022	<u>\$ 11,077,884.57</u>

Deposits

Deposits include certificates of deposits and demand deposit accounts, including certain interest bearing demand deposit accounts. The custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the College) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

The College participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

At June 30, 2022, the bank balances of the College's deposits totaled \$13,148,617.54. The Technical College participates in the State Deposit Program (SDP) so none of the bank balances were exposed to custodial credit risk.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

	Business-Type Activities	Fiduciary Fund
Student Tuition and Fees	\$ 6,814,007.02	\$ -
Federal, State and Private Funds	4,574,725.62	1,369,123.00
Other	621,563.87	
	12,010,296.51	1,369,123.00
Less: Allowance for Doubtful Accounts	49,228.25	-
Accounts Receivable	\$ 11,961,068.26	\$ 1,369,123.00

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

NOTE 4: CAPITAL AND INTANGIBLE RIGHT-TO-USE ASSETS

Following are the changes in capital assets for the year ended June 30, 2022:

	(Restated) Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Capital Assets, Not Being Depreciated/Amortized:				
Land and Land Improvements	\$ 11,673,148.50	\$ -	\$ -	\$ 11,673,148.50
Construction Work-in-Progress	272,988.63	2,217,882.05	83,117.94	2,407,752.74
Total Capital Assets, Not Being Depreciated/Amortized	<u>11,946,137.13</u>	<u>2,217,882.05</u>	<u>83,117.94</u>	<u>14,080,901.24</u>
Capital Assets, Being Depreciated/Amortized:				
Building and Building Improvements	128,793,817.54	7,345,791.79	-	136,139,609.33
Improvements Other than Buildings	6,100,963.09	264,670.00	-	6,365,633.09
Equipment	16,616,860.53	2,281,794.35	414,788.17	18,483,866.71
Library Collections	887,765.10	94,272.19	183,369.32	798,667.97
Intangible - Right to Use Asset	498,291.30	90,975.64	-	589,266.94
Total Assets Being Depreciated/Amortized	<u>152,897,697.56</u>	<u>10,077,503.97</u>	<u>598,157.49</u>	<u>162,377,044.04</u>
Less: Accumulated Depreciation/Amortization:				
Building and Building Improvements	40,385,951.33	3,406,665.36	-	43,792,616.69
Improvements Other than Buildings	3,818,080.68	218,286.79	-	4,036,367.47
Equipment	13,150,016.04	1,525,805.88	400,692.00	14,275,129.92
Library Collections	685,074.95	44,173.47	183,369.32	545,879.10
Intangible - Right to Use Asset	-	220,643.16	-	220,643.16
Total Accumulated Depreciation/Amortization	<u>58,039,123.00</u>	<u>5,415,574.66</u>	<u>584,061.32</u>	<u>62,870,636.34</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>94,858,574.56</u>	<u>4,661,929.31</u>	<u>14,096.17</u>	<u>99,506,407.70</u>
Capital Assets, Net	<u>\$ 106,804,711.69</u>	<u>\$ 6,879,811.36</u>	<u>\$ 97,214.11</u>	<u>\$ 113,587,308.94</u>

A comparison of depreciation and amortization expense for the last three fiscal years is as follows:

Fiscal Year	Depreciation/ Amortization Expense
2022	\$ 5,415,574.66
2021	\$ 4,943,148.84
2020	\$ 4,706,654.53

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Changes in intangible right-to-use assets for the year ended June 30, 2022 are shown below:

	(Restated) Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Intangible Right-to-Use Assets				
Equipment	\$ 498,291.30	\$ 90,975.64	\$ -	\$ 589,266.94
Less: Accumulated Amortization:				
Equipment	-	220,643.16	-	220,643.16
Intangible Right-to-Use Assets, Net	\$ 498,291.30	\$ (129,667.52)	\$ -	\$ 368,623.78

NOTE 5: ADVANCES (INCLUDING TUITION AND FEES)

Advances, including tuitions and fees consisted of the following at June 30, 2022:

	Current Liabilities
Prepaid Tuition and Fees	\$ 8,745,252.04

NOTE 6: LONG-TERM LIABILITIES

The College's long-term liability activity for the year ended June 30, 2022 was as follows:

	(Restated) Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Current Portion
Leases					
Lease Obligations	\$ 498,291.30	\$ 90,975.64	\$ 211,919.39	\$ 377,347.55	\$ 228,736.61
Other Liabilities					
Compensated Absences	3,146,556.86	2,194,449.64	2,086,336.61	3,254,669.89	1,782,243.32
Total Long-Term Obligations	\$ 3,644,848.16	\$ 2,285,425.28	\$ 2,298,256.00	\$ 3,632,017.44	\$ 2,010,979.93

CHATTAHOOCHEE TECHNICAL COLLEGE
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NOTE 7: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources reported on the Statement of Net Position as of June 30, 2022, consisted of the following:

	Fiscal Year 2022
Deferred Outflows of Resources	
Deferred Loss on Defined Benefit Pension Plans	\$ 12,409,193.00
Deferred Loss on OPEB Plan	1,852,169.00
	<hr/>
Total Deferred Outflows of Resources	\$ 14,261,362.00
	<hr/>
Deferred Inflows of Resources	
Deferred Gain on Defined Benefit Pension Plans	\$ 22,777,834.00
Deferred Gain on OPEB Plan	9,334,515.00
	<hr/>
Total Deferred Inflows of Resources	\$ 32,112,349.00
	<hr/>

NOTE 8: NET POSITION

The breakdown of business-type activity net position for the College at June 30, 2022 is as follows:

Investment in Capital Assets	\$ 113,209,961.39
	<hr/>
Restricted for	
Expendable	
Federal Grants	44,523.28
Net OPEB Asset	1,100,758.00
	<hr/>
Sub-Total	1,145,281.28
	<hr/>
Unrestricted	(28,275,971.60)
	<hr/>
Total Net Position	\$ 86,079,271.07
	<hr/>

NOTE 9: LEASES

Lease Obligations

In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by positive action taken by the College. In addition, these agreements shall terminate if the State does not provide funding, but that is considered a remote possibility.

The College's principal and interest payments related to leases for the fiscal year 2022 were \$211,919.39 and \$14,503.28 respectively. Interest rates range from 3.44882% to 4.84%.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

The following is a summary of the carrying values of intangible right-to-use assets held under lease at June 30, 2022:

Description	Gross Amount (+)	Less: Accumulated Amortization (-)	Net, Capital Assets Held Under Lease Obligations at June 30, 2022 (=)	Outstanding Balance per Lease Schedules at June 30, 2022
Leased Equipment	\$ 589,266.94	\$ 220,643.16	\$ 368,623.78	\$ 377,347.55

The following schedule lists the pertinent information for each of the College's leases.

Description	Lessor	Original Principal	Lease Term	Begin Month/Year	End Month/Year	Outstanding Principal
Copier Equipment	Canon	\$ 133,768.94	3 yrs	07/2021	10/2024	\$ 86,705.54
Copier Equipment	Canon	344,715.55	2 yrs	07/2021	09/2023	196,125.38
Postage Equipment Send Pro C	Pitney Bowes	9,876.05	5 yrs	12/2021	12/2026	8,893.53
Postage Equipment Send Pro 3000	Pitney Bowes	60,206.40	5 yrs	12/2021	12/2026	54,216.79
Postage Equipment Relay 3500 Insert	Pitney Bowes	20,893.19	5 yrs	12/2021	12/2026	18,814.64
Receiving and Shipping Equipment	Quadient	19,806.81	3 yrs	07/2021	02/2024	12,591.67
Total Leases		\$ 589,266.94				\$ 377,347.55

Future Commitments

Future commitments related to outstanding lease obligations as of June 30, 2022. were as follows:

Year Ending June 30:	Principal	Interest
2023	\$ 228,736.61	\$ 6,861.07
2024	102,940.18	644.74
2025	18,221.07	128.73
2026	18,284.01	65.79
2027	9,165.68	9.22
Total Minimum Lease Payments	\$ 377,347.55	\$ 7,709.55

NOTE 10: RETIREMENT PLANS

The significant retirement plans that the College participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

Teachers Retirement System of Georgia and Employees' Retirement System of Georgia ***General Information about the Teachers Retirement System***

Plan Description: All teachers of the College as defined in O.C.G.A. § 47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The College's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual payroll. College contributions to TRS were \$2,437,060.00 for the year ended June 30, 2022.

General Information about the Employees' Retirement System

Plan Description: ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits Provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to GSEPS.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through the ERS plan.

Contributions: Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The College's contractually required contribution rate for the year ended June 30, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The College's contributions to ERS totaled \$2,493,662.00 for the year ended June 30, 2022. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the College reported a liability for its proportionate share of the net pension liability for TRS and ERS totaling \$17,541,096.00. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The College's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021. At June 30, 2021, the College's TRS proportion was 0.092810%, which was a decrease of 0.004741% from its proportion measured as of June 30, 2020. At June 30, 2021, the College's ERS proportion was 0.399019%, which was an increase of 0.032698% from its proportion measured as of June 30, 2020.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

For the year ended June 30, 2022, the College recognized a credit to pension expense of \$732,082.00 for TRS and pension expense of \$2,083,653.00 for ERS. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,958,791.00	\$ -	\$ 220,857.00	\$ -
Changes of assumptions	1,588,714.00	-	2,687,545.00	-
Net difference between projected and actual earnings on pension plan	-	12,006,608.00	-	8,625,606.00
Changes in proportion and differences between College contributions and proportionate share of contributions	-	2,145,620.00	1,022,564.00	-
College contributions subsequent to the measurement date	<u>2,437,060.00</u>	<u>-</u>	<u>2,493,662.00</u>	<u>-</u>
Total	<u>\$ 5,984,565.00</u>	<u>\$ 14,152,228.00</u>	<u>\$ 6,424,628.00</u>	<u>\$ 8,625,606.00</u>

The College's contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2023	\$ (2,505,541.00)	\$ 685,029.00
2024	\$ (2,294,138.00)	\$ (979,499.00)
2025	\$ (2,702,857.00)	\$ (2,096,202.00)
2026	\$ (3,102,187.00)	\$ (2,303,968.00)

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

Actuarial Assumptions: The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost of living adjustment	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improved in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Employees' Retirement System:

Inflation	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale used for both males and females while in active service. Post-retirement mortality rates were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees – General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees – General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries – General Contingent Survivors Table (set forward to two years for both males and females and adjusted 106% and 105% respectively).

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

The long-term expected rate of return on TRS and ERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS		ERS	
	Target allocation	Long-term expected real rate of return*	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%	30.00%	(1.50)%
Domestic large stocks	46.30%	9.30%	46.40%	9.20%
Domestic small stocks	1.20%	13.30%	1.10%	13.40%
International developed market stocks	11.50%	9.30%	11.70%	9.20%
International emerging market stocks	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
Total	100.00%		100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25% and ERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and ERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the College's proportionate share of the net pension liability calculated using the applicable discount rate of 7.25% for TRS and 7.00% for ERS, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Teachers Retirement System:			
College's proportionate share of the net pension liability	\$ 22,111,324.00	\$ 8,208,425.00	\$ (3,184,040.00)
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employees' Retirement System:			
College's proportionate share of the net pension liability	\$ 17,101,902.00	\$ 9,332,671.00	\$ 2,762,057.00

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial reports which are publicly available at www.trsga.com/publications and www.ers.ga.gov/financials, respectively.

NOTE 11: RISK MANAGEMENT

Public Entity Risk Pool

The Department of Community Health administers for the State of Georgia a program of health benefits for the employees of units of government of the State of Georgia, units of county governments, and local education agencies located with the State of Georgia. This plan is funded by participants covered in the plan, by employers' contributions paid by the various units of government participating in the plan.

Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. The College, as an organizational unit of the Technical College System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

CHATTAHOOCHEE TECHNICAL COLLEGE
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EXHIBIT "F"

NOTE 12: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditure disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the College expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the College, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

NOTE 13: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Georgia State Employees Post-Employment Health Benefit Fund (State OPEB Fund)

General Information about the State OPEB Fund

Plan Description: Employees of State organizations as defined in §45-18-25 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee benefit trust fund and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the College were \$1,163,751.00 for the year ended June 30, 2022. Active employees are not required to contribute to the State OPEB Fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the College reported a liability of \$2,204,926.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The College's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the College's proportion was 0.802213%, which was an increase of 0.018657% from its proportion measured as of June 30, 2020.

CHATTAHOOCHEE TECHNICAL COLLEGE
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For the year ended June 30, 2022, the College recognized a credit to OPEB expense of \$5,412,426.00. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,936,941.00
Changes of assumptions	113,945.00	2,324,371.00
Net difference between projected and actual earnings on OPEB plan investments	-	385,447.00
Changes in proportion and differences between contributions and proportionate share of	569,565.00	279,894.00
Contributions subsequent to the measurement date	1,163,751.00	-
Total	\$ 1,847,261.00	\$ 8,926,653.00

The College's contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2023	\$ (4,261,274.00)
2024	\$ (2,069,348.00)
2024	\$ (1,330,382.00)
2025	\$ (582,139.00)

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Actuarial Assumptions: The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases	3.00% - 6.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the RP-2010 General Employee Table for Males or Females, as appropriate, with no adjustments and with the MP-2019 Projection scale applied generationally as follows:

For ERS, JRS and LRS members: Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2019 and adopted by the pension Board on December 17, 2020.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability, as of June 30, 2021, for the State OPEB Fund, a single equivalent rate of 7.00% was used, as compared with last year's discount rate of 7.06%. This is comprised of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate) along with other factors. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as leveraged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Proportionate share of the net OPEB liability	\$ 3,880,185.00	\$ 2,204,926.00	\$ 757,170.00

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Proportionate share of the			
net OPEB liability	\$ 514,726.00	\$ 2,204,926.00	\$ 4,186,844.00

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report (ACFR) which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Post-Employment Benefits Other Than Pensions (SEAD – OPEB)

General Information about the SEAD-OPEB Fund

Plan Description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other post-employment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits Provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of one percent of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2022.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the College reported an asset of \$1,100,758.00 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2020. An expected total OPEB asset as of June 30, 2021 was determined using standard roll-forward techniques. The College's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2021. At June 30, 2021, the College's proportion was 0.178745%, which was an increase of 0.001962% from its proportion measured as of June 30, 2020.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

For the year ended June 30, 2022, the College recognized a credit to OPEB expense of \$161,985.00. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEAD - OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,284.00
Changes of assumptions	-	34,315.00
Net difference between projected and actual earnings on OPEB plan investments	-	367,319.00
Changes in proportion and differences between contributions and proportionate share of contributions	4,908.00	2,944.00
Total	\$ 4,908.00	\$ 407,862.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	SEAD - OPEB
2023	\$ (125,669.00)
2024	\$ (90,531.00)
2025	\$ (89,215.00)
2026	\$ (97,539.00)

Actuarial Assumptions: The total OPEB asset as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% – 6.75%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00%	(1.50)%
Domestic large equities	46.40%	9.20%
Domestic small equities	1.10%	13.40%
International developed market equities	11.70%	9.20%
International emerging market equities	5.80%	10.40%
Alternatives	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHATTAHOOCHEE TECHNICAL COLLEGE
RELATED FINANCIAL NOTES
JUNE 30, 2022

EXHIBIT "F"

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate: The following presents the College's proportionate share of the net OPEB asset(liability) calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net OPEB asset(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	\$ (865,737.00)	\$ (1,100,758.00)	\$ (1,292,661.00)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS annual comprehensive financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 14: RESTATEMENT OF PRIOR YEAR CAPITAL ASSETS AND LONG-TERM LIABILITIES

The College made prior period adjustments due to the adoption of GASB Statement No. 87, *Leases*, which required changes in the values of previously recorded leased assets and the corresponding lease liabilities. The result is an increase in capital assets at July 1, 2021 of \$498,291.30 and an increase in long-term liabilities at July 1, 2021 of \$498,291.30. This change is in accordance with generally accepted accounting principles.

Supplementary Information

CHATTAHOOCHEE TECHNICAL COLLEGE
BALANCE SHEET (STATUTORY BASIS)
BUDGET FUND
JUNE 30, 2022

SCHEDULE "1"

ASSETS

Cash and Cash Equivalents	\$ 11,368,365.81
Accounts Receivable	
Federal Financial Assistance	5,757,430.35
Other	8,858,307.93
Prepaid Expenditures	819,186.08
	<hr/>
Total Assets	\$ 26,803,290.17
	<hr/> <hr/>

LIABILITIES AND FUND BALANCES

Liabilities	
Salaries Payable	\$ 173,008.11
Encumbrance Payable	8,819,247.88
Accounts Payable	1,851,387.56
Advances	8,566,900.09
Funds Held for Others	96,420.53
Total Liabilities	<hr/> 19,506,964.17 <hr/>
Fund Balances	
Reserved	
Refunds to Grantors	44,523.28
Sales and Services	662,664.62
Live Work Projects	49,852.80
Technology Fees	4,659,750.95
Uncollectible Accounts Receivable	48,675.25
Tuition	1,786,587.91
Unreserved	
Surplus	44,271.19
Total Fund Balances	<hr/> 7,296,326.00 <hr/>
Total Liabilities and Fund Balances	\$ 26,803,290.17
	<hr/> <hr/>

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

CHATTAHOOCHEE TECHNICAL COLLEGE
SUMMARY BUDGET COMPARISON SURPLUS ANALYSIS REPORT (STATUTORY BASIS)
BUDGET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SCHEDULE "2"

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
State Appropriation			
State General Funds	\$ 24,443,766.00	\$ 24,443,766.00	\$ -
Federal Funds	20,313,060.93	9,466,331.61	(10,846,729.32)
Other Funds	46,235,466.64	28,397,621.13	(17,837,845.51)
Total Revenues	90,992,293.57	62,307,718.74	(28,684,574.83)
<u>ADJUSTMENTS AND PROGRAM TRANSFERS</u>	-	-	-
<u>CARRY-OVER FROM PRIOR YEAR</u>			
Transfer from Reserved Fund Balance	-	6,604,449.31	6,604,449.31
Total Funds Available	90,992,293.57	68,912,168.05	(22,080,125.52)
<u>EXPENDITURES</u>			
Adult Literacy	1,672,686.68	1,589,664.04	83,022.64
Technical Education	86,993,823.50	58,290,116.44	28,703,707.06
Workforce Development	2,731.00	2,731.00	-
Economic Development	2,323,052.39	1,315,328.50	1,007,723.89
Total Expenditures	90,992,293.57	61,197,839.98	29,794,453.59
Excess of Funds Available over Expenditures	\$ -	7,714,328.07	\$ 7,714,328.07
<u>FUND BALANCE JULY 1</u>			
Reserved		6,658,645.93	
Unreserved		17,371.53	
<u>ADJUSTMENTS</u>			
Prior Year Payables/Expenditures		313,472.84	
Prior Year Receivables/Revenues		(785,671.53)	
Unreserved Fund Balance (Surplus) Returned			
From the Technical Colleges			
Year Ended June 30, 2021		(17,371.53)	
Prior Year Reserved Fund Balance Included in Funds Available		(6,604,449.31)	
<u>FUND BALANCE JUNE 30</u>		\$ 7,296,326.00	
<u>SUMMARY OF FUND BALANCE</u>			
Reserved			
Refunds to Grantors	\$	44,523.28	
Sales and Services		662,664.62	
Live Work Projects		49,852.80	
Technology Fees		4,659,750.95	
Uncollectible Accounts Receivable		48,675.25	
Tuition		1,786,587.91	
Total Reserved		7,252,054.81	
Unreserved			
Surplus		44,271.19	
Total Fund Balance	\$	7,296,326.00	

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

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CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF FUNDS AVAILABLE AND EXPENDITURES COMPARED TO BUDGET BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2022

	Original Appropriation	Amended Appropriation	Final Budget	Current Year Revenues
Adult Literacy				
State Appropriation				
State General Funds	\$ 715,770.00	\$ 805,770.00	\$ 805,770.00	\$ 805,770.00
Federal Funds				
Federal Funds Not Specifically Identified	553,000.00	586,685.48	685,061.68	684,945.78
CARES Act - Higher Ed	-	-	124,855.00	68,402.53
Other Funds	89,607.00	121,854.23	57,000.00	43,267.45
Total Adult Literacy	<u>1,358,377.00</u>	<u>1,514,309.71</u>	<u>1,672,686.68</u>	<u>1,602,385.76</u>
Technical Education				
State Appropriations				
State General Funds	21,309,545.00	23,586,946.00	23,586,946.00	23,586,946.00
Federal Funds				
Federal Funds Not Specifically Identified	1,412,515.00	1,466,147.00	1,457,974.25	1,410,708.17
CARES Act - Higher Education	-	-	18,042,439.00	7,299,544.13
Other Funds	34,108,020.00	39,339,402.69	43,906,464.25	27,132,683.04
Total Technical Education	<u>56,830,080.00</u>	<u>64,392,495.69</u>	<u>86,993,823.50</u>	<u>59,429,881.34</u>
Workforce Development				
Federal Funds				
Federal Funds Not Specifically Identified	-	-	2,731.00	2,731.00
Economic Development				
State Appropriations				
State General Funds	-	51,050.00	51,050.00	51,050.00
Other Funds	1,778,060.00	2,187,995.89	2,272,002.39	1,221,670.64
Total Economic Development	<u>1,778,060.00</u>	<u>2,239,045.89</u>	<u>2,323,052.39</u>	<u>1,272,720.64</u>
Totals by Program	<u>\$ 59,966,517.00</u>	<u>\$ 68,145,851.29</u>	<u>\$ 90,992,293.57</u>	<u>\$ 62,307,718.74</u>

Funds Available Compared to Budget				Expenditures Compared to Budget		Excess
Prior Year Carry-Over	Adjustments and Program Transfers	Total Funds Available	Variance Positive (Negative)	Actual	Variance Positive	of Funds Available Over Expenditures
\$ -	\$ -	\$ 805,770.00	\$ -	\$ 793,962.90	\$ 11,807.10	\$ 11,807.10
-	-	684,945.78	(115.90)	684,031.16	1,030.52	914.62
-	-	68,402.53	(56,452.47)	68,402.53	56,452.47	-
-	-	43,267.45	(13,732.55)	43,267.45	13,732.55	-
-	-	1,602,385.76	(70,300.92)	1,589,664.04	83,022.64	12,721.72
-	-	23,586,946.00	-	23,558,917.91	28,028.09	28,028.09
-	-	1,410,708.17	(47,266.08)	1,369,827.97	88,146.28	40,880.20
-	-	7,299,544.13	(10,742,894.87)	7,299,544.13	10,742,894.87	-
5,870,286.04	-	33,002,969.08	(10,903,495.17)	26,061,826.43	17,844,637.82	6,941,142.65
5,870,286.04	-	65,300,167.38	(21,693,656.12)	58,290,116.44	28,703,707.06	7,010,050.94
-	-	2,731.00	-	2,731.00	-	-
-	-	51,050.00	-	51,050.00	-	-
734,163.27	-	1,955,833.91	(316,168.48)	1,264,278.50	1,007,723.89	691,555.41
734,163.27	-	2,006,883.91	(316,168.48)	1,315,328.50	1,007,723.89	691,555.41
\$ 6,604,449.31	\$ -	\$ 68,912,168.05	\$ (22,080,125.52)	\$ 61,197,839.98	\$ 29,794,453.59	\$ 7,714,328.07

Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

CHATTAHOOCHEE TECHNICAL COLLEGE
STATEMENT OF CHANGES TO FUND BALANCE BY PROGRAM AND FUNDING SOURCE
(STATUTORY BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2022

	Beginning Fund Balance July 1	Fund Balance Carried Over from Prior Period as Funds Available	Return of Fiscal Year 2021 Surplus	Prior Period Adjustments
Adult Literacy				
State Appropriation				
State General Funds	\$ 15,492.10	\$ -	\$ (15,492.10)	\$ -
Federal Funds				
Federal Funds Not Specifically Identified	-	-	-	3,070.78
Total Adult Literacy	<u>15,492.10</u>	<u>-</u>	<u>(15,492.10)</u>	<u>3,070.78</u>
Technical Education				
State Appropriation				
State General Funds	1,076.01	-	(1,076.01)	2,909.48
Federal Funds				
Federal Funds Not Specifically Identified	-	-	-	(2,775.68)
Other Funds	5,871,089.46	(5,870,286.04)	(803.42)	(499,596.35)
Total Technical Education	<u>5,872,165.47</u>	<u>(5,870,286.04)</u>	<u>(1,879.43)</u>	<u>(499,462.55)</u>
Economic Development				
Other Funds	734,163.27	(734,163.27)	-	24,193.08
Total Operating Activity	6,621,820.84	(6,604,449.31)	(17,371.53)	(472,198.69)
Prior Year Reserves				
Not Available for Expenditure				
Refunds to Grantors	5,521.37	-	-	-
Other Reserves	48,675.25	-	-	-
Totals by Program	<u>\$ 6,676,017.46</u>	<u>\$ (6,604,449.31)</u>	<u>\$ (17,371.53)</u>	<u>\$ (472,198.69)</u>

Other Adjustments	Early Return of Fiscal Year 2022 Surplus	Excess of Funds Available Over Expenditures	Ending Fund Balance June 30	Analysis of Ending Fund Balance		
				Reserved	Fiscal Year 2022 Surplus	Total
\$ -	\$ -	\$ 11,807.10	\$ 11,807.10	\$ -	\$ 11,807.10	\$ 11,807.10
(3,985.40)	-	914.62	-	-	-	-
<u>(3,985.40)</u>	<u>-</u>	<u>12,721.72</u>	<u>11,807.10</u>	<u>-</u>	<u>11,807.10</u>	<u>11,807.10</u>
-	-	28,028.09	30,937.57	-	30,937.57	30,937.57
(38,104.52)	-	40,880.20	-	-	-	-
3,088.01	-	6,941,142.65	6,444,634.31	6,444,634.31	-	6,444,634.31
<u>(35,016.51)</u>	<u>-</u>	<u>7,010,050.94</u>	<u>6,475,571.88</u>	<u>6,444,634.31</u>	<u>30,937.57</u>	<u>6,475,571.88</u>
-	-	691,555.41	715,748.49	714,221.97	1,526.52	715,748.49
(39,001.91)	-	7,714,328.07	7,203,127.47	7,158,856.28	44,271.19	7,203,127.47
39,001.91	-	-	44,523.28	44,523.28	-	44,523.28
<u>-</u>	<u>-</u>	<u>-</u>	<u>48,675.25</u>	<u>48,675.25</u>	<u>-</u>	<u>48,675.25</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,714,328.07</u>	<u>\$ 7,296,326.00</u>	<u>\$ 7,252,054.81</u>	<u>\$ 44,271.19</u>	<u>\$ 7,296,326.00</u>

Summary of Ending Fund Balance

Reserved

Refunds to Grantors	\$ 44,523.28	\$ -	\$ 44,523.28
Sales and Services	662,664.62	-	662,664.62
Live Work Projects	49,852.80	-	49,852.80
Technology Fees	4,659,750.95	-	4,659,750.95
Uncollectible Accounts Receivable	48,675.25	-	48,675.25
Tuition	1,786,587.91	-	1,786,587.91

Unreserved

Surplus	-	44,271.19	44,271.19
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Total Ending Fund Balance - June 30	\$ 7,252,054.81	\$ 44,271.19	\$ 7,296,326.00
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Statutory Basis financial information was prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a special purpose framework.

Section II

Entity's Response To Prior Year Findings And Questioned Costs

CHATTAHOOCHEE TECHNICAL COLLEGE
ENTITY'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section III

Findings, Questioned Costs and Other Items

CHATTAHOOCHEE TECHNICAL COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
YEAR ENDED JUNE 30, 2022

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2022-001 Improve Controls over the Return of Title IV Funds Process

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program
Federal Award Numbers:	P007A211017(Year: 2022), P033A211017 (Year: 2022), P063P212760 (Year: 2022)
Questioned Costs:	\$1,029

Description:

The College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Background Information:

Student financial assistance, or Title IV, funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student. Up through the 60% point in each period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student is considered to have earned 100% of the Title IV funds the student was scheduled to receive during the period.

The R2T4 calculation is prepared using the following information associated with the period of enrollment:

- The student's Title IV aid information, including amounts disbursed and amounts that could have been disbursed,
- The withdrawal date and scheduled start date, end date, and break days, and
- Institutional charges, including tuition, fees, room, board, books, supplies, materials, and equipment.

CHATTAHOOCHEE TECHNICAL COLLEGE
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YEAR ENDED JUNE 30, 2022

Criteria:

As a recipient of federal awards, the College is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The College is required to determine the amount of Title IV funds that the student earned as of the student's withdrawal date when a recipient of Title IV funds withdraws from the College during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of the Title IV grant or loan assistance, or both, that the student earned is less than the amount of the Title IV grant and/or loan assistance that was disbursed to the student as of the withdrawal date.

Additionally, provisions included in Title 34 CFR Section 668.22(j) address the timeframe for the return of title IV funds and state “(1) An institution must return the amount of title IV funds for which it is responsible... as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew... (2) For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the – (i) Payment period or period of enrollment... (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew.”

Condition:

A sample of 25 students from a population of 879 students who received student financial assistance (SFA) and withdrew from the College during the Fall 2021 and Spring 2022 semesters was randomly selected for testing using a non-statistical sampling method. The students' R2T4 calculations were reviewed to ensure that the refunds were calculated and returned in the correct amount to the proper funding agencies and/or student in a timely manner. It was noted that the refund calculations for two students who withdrew during the Spring 2022 semester were calculated incorrectly due to the use of improper withdrawal dates. These two students were requested to return \$1,029 less than the required amount to the Federal Pell Grant Program.

Questioned Costs:

Upon testing a sample of \$31,865 in financial aid disbursements to students for whom a R2T4 calculation was completed, known questioned costs of \$1,029 were identified for refunds calculated incorrectly. Using the total population amount of \$1,334,260, we project the likely questioned costs to be approximately \$43,066. The following assistance listing number was affected by the known and likely questioned costs: 84.063.

Cause:

In discussing these deficiencies with management, they stated that human data entry errors associated with the students' unofficial withdrawal dates caused the R2T4 calculation issues noted by auditors.

CHATTAHOOCHEE TECHNICAL COLLEGE
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER ITEMS
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Effect or Potential Effect:

This deficiency may expose the College to unnecessary financial strains and shortages. The refund amounts that were not calculated correctly must be returned to the U.S. Department of Education. Though the College may attempt to collect the funds from individual students affected by the errors, these collection efforts could be unsuccessful as the students may no longer attend the College and/or fail to repay the funds. Additionally, not returning unearned Title IV funds to the U.S. Department of Education in a timely manner may result in adverse actions and impact the College's participation in Title IV programs.

Recommendation:

The College should follow established procedures to ensure that R2T4 calculations are accurate and that unearned funds are returned to the appropriate accounts in a timely manner in accordance with federal regulations. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The College should contact the U.S. Department of Education regarding resolution of the finding, as well.

Views of Responsible Officials:

We concur with this finding.

OTHER ITEMS

Student Financial Assistance Awarding Process

Observation:

A sample of 40 students who received student financial assistance (SFA) was tested to determine if students were notified of their proposed aid package. One student was not provided an award letter to notify the student and their parents of the amount of funds expected to be received from each awarded financial aid program. Additionally, the award letter for 28 students were not sent prior to the disbursement of funds. Provisions included in Title 34 CFR Section 668.165(a) provide general requirements for notices prior to an institution disbursing SFA funds.

Recommendation:

The College should review its processes and procedures for notifying students and their parents of the amount of funds expected to be received and how and when those funds will be disbursed from various student financial assistance programs. Where vulnerable, the College should develop and/or modify its policies and procedures to ensure that notifications are sent prior to disbursements. Furthermore, the College should develop and implement a monitoring process to ensure that controls are functioning properly.

Section IV

Management's Corrective Action

**CHATTAHOOCHEE TECHNICAL COLLEGE
AUDITEE'S RESPONSE
SCHEDULE OF MANAGEMENT'S CORRECTIVE ACTION YEAR
ENDED JUNE 30, 2022**

CORRECTIVE ACTION PLAN - FEDERAL AWARD FINDING AND QUESTIONED COSTS

FA 2022-001 Improve Controls over the Return of Title IV Funds Process

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
Assistance Listing Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grant 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant
Federal Award Numbers:	P007A211017 (Year: 2022), P033A211017 (Year: 2022), P063P212760 (Year: 2022)
Questioned Costs:	\$1,029

Description:

The College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Corrective Action Plan:

At the end of the semester, the Registrar will manage unofficial withdrawal processing. The Registrar will pull the F+W report and sort for processing. The Registrar will ensure the removal of all students with earned F grades and begin to use the midpoint withdraw date for all students with a last date of attendance before the midpoint. All remaining students will be processed with the LDA submitted by the instructor. Banner processing of unofficial withdrawals will be completed for Records office staff and reviewed for accuracy by the Registrar.

The Financial Aid Office will continue to process the Return to Title IV's (R2T4) within the 45day window. Once the Registrar has certified grades and entered LDA's the Financial Aid Systems Manager will process the R2T4. The System's Manager will verify matching dates between Records and Academics prior to officially processing the calculation.

Estimated Completion Date: October 1, 2022

Contact Person: Tarik J. Boyd, Director of Financial Aid

Telephone: 770-528-3485

Email: Tarik.boyd@chattahoocheetech.edu

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A handwritten signature in black ink, appearing to read "Dr. Ron Newcomb", written over a horizontal line.

Dr. Ron Newcomb

Signature:

Title: President, Chattahoochee Technical College

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